



**STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0285**

**DAVE GOETZ
COMMISSIONER**

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APRIL REVENUES

NASHVILLE - Tennessee's sales tax collections dropped to a record low in April with a negative growth rate. Finance and Administration Commissioner Dave Goetz reported today that overall April revenues were \$1.39 billion or \$88.9 million less than the state budgeted.

"Almost two dozen other states are experiencing similar revenue conditions; we expected a slowdown in growth, but nothing this dramatic," Goetz said. "We are committed to keeping our spending in line with revenues, while balancing the budget without raising taxes or raiding the Rainy Day Fund to cover the shortfall."

On an accrual basis, April is the ninth month in the 2007-2008 fiscal year.

The general fund was under collected by \$92.8 million, and the four other funds were over collected by \$3.9 million.

Sales tax collections were \$49.8 million less than the estimate for April. The April growth rate was negative 4.08%. For nine months revenues are under collected by \$167.5 million. The year-to-date growth rate for nine months was 1.11%.

Franchise and excise taxes combined were \$50.4 million below the budgeted estimate of \$428.9 million. For nine months revenues are under collected by \$136.8 million.

Hall Income tax collections for April were \$33.3 million more than the estimate. For nine months collections are \$28.6 million more than the estimate. The growth rate for the nine month period was 17.2%.

Inheritance and estate tax collections were \$1.7 million above the April estimate. For nine months collections are \$6.6 million above the budgeted estimate.

Gasoline and motor fuel collections for April increased by 2.58%. For nine months revenues are over collected by \$8.3 million.

Tobacco tax collections were \$9.2 million under the budgeted estimate of \$33.1 million. For nine months revenues are under collected in the amount of \$61.2 million.

Year-to-date collections for nine months were \$356.9 million less than the budgeted estimate. The general fund was under collected by \$368.6 million and the four other funds were over collected by \$11.7 million.

The budgeted revenue estimates are based on the State Funding Board's consensus recommendation adopted by the first session of the 105th General Assembly in June of 2007.

The revised estimates for this fiscal year as presented in the 2008-2009 Budget Document assumes an under collection in total taxes in the amount of \$165.4 million. By tax source the assumed under collections are: Sales tax \$62.8 million; F&E taxes \$54.8 million; tobacco taxes \$30.0 million; privilege taxes \$27.6 million; and, a net over collection of \$9.8 million from all other tax sources. The General Fund under collection is projected to be \$180.0 million.

The State Funding Board met on April 29 and May 1, 2008 and adopted revised revenue growth ranges for the current fiscal year ranging from 0.25% to 1.00% for total taxes and - 0.50% to 0.25% in general fund taxes.

Theses ranges recognize a revenue shortfall in total taxes from the original budgeted estimates in the amount of \$562.8 million at the low end to \$479.9 million at the high end. The ranges for the general fund recognize a shortfall of \$564.0 million at the low end to \$494.5 million at the high end.

<p align="center">REVENUE COLLECTIONS APRIL, 2008, AND 9 MONTHS YEAR-TO-DATE</p>

April Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$1,248,193,000	\$1,155,371,000	(\$92,822,000)
Highway Fund	68,178,000	64,059,000	(4,119,000)
Sinking Fund	26,967,000	26,593,000	(374,000)
City & County Fund	134,064,000	142,529,000	8,465,000
Earmarked Fund	3,398,000	3,388,000	(10,000)
Total	\$1,480,800,000	\$1,391,940,000	(\$88,860,000)

Year-To-Date Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$7,250,964,000	\$6,882,346,000	(\$368,618,000)
Highway Fund	523,700,000	525,051,000	1,351,000
Sinking Fund	240,114,000	238,689,000	(1,425,000)
City & County Fund	638,581,000	650,124,000	11,543,000
Earmarked Fund	25,827,000	26,065,000	238,000
Total	\$8,679,186,000	\$8,322,275,000	(\$356,911,000)

Table 1
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	April			
	2007	2008	Change	Percent
Franchise & Excise	\$402,635,000	\$378,522,000	-\$24,113,000	-5.99%
Income	201,628,000	240,523,000	38,895,000	19.29%
Inheritance & Estate	16,429,000	17,639,000	1,210,000	7.37%
Gasoline	47,127,000	49,382,000	2,255,000	4.78%
Petroleum Special	5,266,000	5,298,000	32,000	0.61%
Tobacco	16,834,000	23,862,000	7,028,000	41.75%
Beer	1,701,000	1,540,000	-161,000	-9.47%
Motor Vehicle Registration	29,992,000	26,856,000	-3,136,000	-10.46%
Motor Vehicle Title	950,000	979,000	29,000	3.05%
Mixed Drink	4,849,000	4,576,000	-273,000	-5.63%
Business	1,659,000	1,194,000	-465,000	-28.03%
Privilege	25,702,000	20,997,000	-4,705,000	-18.31%
Gross Receipts	106,000	63,000	-43,000	-40.57%
TVA - In Lieu of Tax Payments	21,114,000	22,012,000	898,000	4.25%
Alcoholic Beverage	3,666,000	3,567,000	-99,000	-2.70%
Sales and Use	601,482,000	576,927,000	-24,555,000	-4.08%
Motor Vehicle Fuel	18,218,000	17,750,000	-468,000	-2.57%
Severance	144,000	154,000	10,000	6.94%
Coin-operated Amusement	3,000	0	-3,000	-100.00%
Unauthorized Substance	79,000	99,000	20,000	25.32%
Total	\$1,399,584,000	\$1,391,940,000	(\$7,644,000)	-0.55%

Table 2
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	August - April			
	2006-2007	2007-2008	Change	Percent
Franchise & Excise	\$1,355,147,000	\$1,272,371,000	-\$82,776,000	-6.11%
Income	236,719,000	277,410,000	40,691,000	17.19%
Inheritance & Estate	79,597,000	83,278,000	3,681,000	4.62%
Gasoline	453,096,000	460,486,000	7,390,000	1.63%
Petroleum Special	48,544,000	48,795,000	251,000	0.52%
Tobacco	103,397,000	205,311,000	101,914,000	98.57%
Beer	13,511,000	13,840,000	329,000	2.44%
Motor Vehicle Registration	191,828,000	186,464,000	-5,364,000	-2.80%
Motor Vehicle Title	8,254,000	7,935,000	-319,000	-3.86%
Mixed Drink	39,624,000	40,671,000	1,047,000	2.64%
Business	14,362,000	14,947,000	585,000	4.07%
Privilege	215,522,000	192,480,000	-23,042,000	-10.69%
Gross Receipts	14,550,000	14,056,000	-494,000	-3.40%
TVA - In Lieu of Tax Payments	184,134,000	204,297,000	20,163,000	10.95%
Alcoholic Beverage	30,784,000	32,114,000	1,330,000	4.32%
Sales and Use	5,072,888,000	5,129,344,000	56,456,000	1.11%
Motor Vehicle Fuel	137,862,000	135,221,000	-2,641,000	-1.92%
Severance	1,177,000	1,683,000	506,000	42.99%
Coin-operated Amusement	91,000	66,000	-25,000	-27.47%
Unauthorized Substance	1,322,000	1,506,000	184,000	13.92%
Total	\$8,202,409,000	\$8,322,275,000	\$119,866,000	1.46%

Table 3
August - April Revenue Overcollections/(Undercollections)
Budgeted Estimate

	General Fund	Other Funds	Total
Sales Tax	\$ (159,700,000)	\$ (7,800,000)	\$ (167,500,000)
Income Tax	19,000,000	9,600,000	28,600,000
Inheritance Tax	6,600,000	0	6,600,000
Privilege Tax	(40,600,000)	200,000	(40,400,000)
Business Tax	200,000	0	200,000
TVA	5,100,000	3,800,000	8,900,000
Gross Receipts	(1,000,000)	0	(1,000,000)
Gasoline & Motor Fuel Taxes	300,000	8,000,000	8,300,000
Motor Vehicle Registration	(100,000)	(2,200,000)	(2,300,000)
Other Taxes	(61,600,000)	100,000	(61,500,000)
Sub-Total	\$ (231,800,000)	\$ 11,700,000	\$ (220,100,000)
F & E Taxes	(136,800,000)	0	(136,800,000)
Total	\$ (368,600,000)	\$ 11,700,000	\$ (356,900,000)